

Upgrading of transport infrastructure a major challenge

After decades of underinvestment in maintenance and development of South Africa's road and rail networks, the country is in a process of revitalising its transport networks that will see the country set itself up as a transport hub for Southern Africa.



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"South Africa has some of the best road and rail networks around and, most certainly the most extensive road and rail network in Africa. However, the biggest current challenge for the country is the urgent need to upgrade the ageing rail infrastructure and to maintain the road infrastructure," says Richard Matchett, divisional director at civil and structural engineer firm WSP.

"To move forward, we need to focus on the positive developments and acknowledge that there has been significant traction and change to this in recent years," according to De Buys Scott, head of Infrastructure Advisory and Global Infrastructure Major Projects at KPMG. "The National Development Plan, for instance, has been a great catalyst for changing mindsets and driving investment into more robust and enabling infrastructure for the country, where we have already seen significant traction in a number of strategic infrastructure projects, including in our transport networks."

Notable developments

Some highly notable developments in rail include projects by Transnet that will upgrade South Africa's ports, as well as the parastatal's passenger fleet programme and Passenger Rail Agency of South Africa's programme to expand and modernise their rail services in South Africa and the Gautrain. "In addition to these programmes, we have also seen investments in upgrading the country's national and regional road networks to create a more geographically integrated economy," adds Scott.

Nicholas de Canha, CEO of Imperial Fleet Management, says the transportation of fast moving consumer goods has experienced a significant growth of late in South Africa and Africa. "In South Africa, for instance, imports of containers into Durban ports increased by 5% in 2013 where most of the imports into Gauteng are consumer goods. While a fair amount of investment is being made by various stakeholders to upgrade the country's rail networks so as to be sufficient to meet

future demand, currently the transportation of goods and services is still largely reliant on road transport - and this bodes a massive opportunity for FMCG logistical and transport companies.

"However, additional imposed costs, like increases in fuel prices and e-toll, can weigh heavily on any company running their own fleet of vehicles. On just e-tolls, for instance, a company running a fleet of around 30 trucks will see their operational costs increase by about R30,000 a month - and I expect that we will see a lot more of these logistics and transport companies look to optimise their fleet operations."

Assembly plant

In recognition of the future growth opportunities for South Africa's transport sectors and with an aim to increase its commitment and investment in the South African economy, last month Hyundai Automotive South Africa (HASA) opened a semi knock-down (SKD) commercial vehicle assembly plant on the East Rand of Gauteng.

"The SKD assembly was driven by a long-term strategy to grow Hyundai's share in the South African commercial vehicle market, to be more competitive and to increase Hyundai's investment in the country's economy and also ensure that we are able to meet the logistics and transport growth trajectory," says Stanley Anderson, marketing manager of Hyundai Automotive SA.

For HASA, it is important to note that the company's investment reaches beyond the monetary aspect. "Moreover, we wanted to make a sustainable contribution to both; the transport sector in developing critical skills and the economy, through creating job opportunities that will be viable in the long-term. We have already employed over 30 staff, with a vision of increasing this to around 60 people. By creating these initial 30 or so jobs, we are in turn directly improving the lives of more than 230 people."

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